Budget Letter

	NUMBER: 96-09
SUBJECT: FUNDING REQUESTS FOR INFORMATION TECHNOLOGY ACTIVITIES TO ACCOMMODATE THE CENTURY CHANGE	**DATE ISSUED:** AUGUST 1, 1996
REFERENCES:	**SUPERSEDES:**

TO: Agency Secretaries
            Department Directors
            Departmental Budget Officers
            Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

Most information technology systems were designed with dates containing years represented as a two-digit number. For example, 1987 is represented as 87, the year 2000 will be represented as 00.   When the century changes to the year 2000, information technology systems will encounter logic problems with these date representations and systems may fail. Therefore, many information technology systems will need to be replaced or modified to function accurately.

This Budget Letter applies to funding augmentation requests for information technology activities related to the century change that <u>do not involve</u> the <u>replacement</u> of systems. Funding requests for systems which must be rewritten /replaced, and not <u>just modified</u> to accommodate the century change, will follow the normal information technology approval process.

The Department of Finance (DOF) expects departments to fund century change activities from existing budgetary authority, including redirection of resources, before requesting any augmentations. Budget augmentations will be viewed as a means of last resort, since additional funds allotted for century change activities will be funds not available to support other state services. However, DOF does recognize that extenuating circumstances may exist or arise which require a funding augmentation or increased expenditure authority. In such situations, DOF may consider well-justified funding requests.
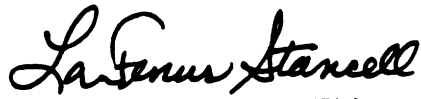
Such augmentations will be considered for approval only after the department has conducted and documented a comprehensive assessment of cost containment within existing departmental resources. Departments requesting budget augmentations for century change related activities must submit the **Century Change Budget Justification** (Attachment 1) in conjunction with the Budget Change Proposal (BCP) (see Budget Letter 96-02). The request must provide detailed information concerning the department's entire century change effort. BCPs received without the required information will be returned without consideration.

As mentioned above, funding augmentation requests for systems to be rewritten/replaced, and not just modified to accommodate the century change, must follow the normal budget approval and information technology approval processes. This includes submission of a Feasibility Study Report (FSR) to the Department of Information Technology (DOIT) and the Department of Finance Technology Investment Review Unit (DOF/TIRU). In accordance with Budget Letter 96-03, departments are reminded that timely submission of the FSR is imperative as its associated BCP will be considered only after FSR approval by DOIT and DOF.

Until release of the Governor's Budget, please be reminded that all information contained in budget documents used during the development process is strictly confidential.

If you have any questions, please contact your Department of Finance Technology Investment Review Unit (TIRU) analyst at 445-1777.

Sincerely,

LaFENUS STANCELL
Chief Deputy Director

Attachments

i:wp/wrdindex/bl/2kblorig.doc

Century Change Budget Justification

Departments are fully responsible for ensuring their computer-based systems are capable of functioning in the new century. Each department requesting increased expenditure authority must describe its multi-year strategy for meeting all its century change needs; give evidence that existing resources are being applied appropriately to meet departmental priorities; and fully justify any additional resources and funding.

Departmental Information

Strategy   Describe the department's approach to addressing century change functionality.

Scope   Describe each system that needs to be modified for the century change, indicating the departmental functions or programs it supports and any dependencies on activities/systems that are internal or external to the department.

Priorities   Describe the criteria used to determine the relative priority of the various systems involved. Provide the department's prioritized list of systems and the schedule of systems to be modified and implemented through completion of century change activities.

Exhibit   Summarize and display the time span for the department's century change activities in a "Schedule by System" spreadsheet as illustrated in Exhibit 1.

System Information

Resources   Indicate the resources required to modify each system for the century change, describing the expected tasks to be completed, the types of resources needed, the workload and assumptions used to determine the level/number/cost/duration of resources estimated, and the portions to be acquired through redirection and augmentation. For redirections, describe the impact/effect on the organizations or programs providing the resources.

Funding   Indicate the amounts required, by fund source, to modify each system through completion of the century change, identifying the amounts to be acquired through redirection and augmentation.

Consequences Describe the consequences of not accomplishing system changes or not completing system changes in a timely manner.

Exhibits   Summarize and display the resource costs, PYs, and fund sources in a "Cost and Funding by System" spreadsheet as illustrated in Exhibits 2 and 3.

Roll up the system data and display the resource costs, PYs, and fund sources in a "Total Cost and Funding for Department" spreadsheet as illustrated in Exhibit 4.

Standard definitions for the spreadsheet categories are located in the *Economic Analysis Worksheet Package* and the *Instructions for Completing Agency Information Technology Costs Spreadsheets.*

CENTURY CHANGE

SCHEDULE BY SYSTEM

Department XYZ Council of California   **Organization Code**   9999

	FY 1996-97				FY 1997-98				FY 1998-99				FY 1999-2000			
	1st QTR	2nd QTR	3rd QTR	4th QTR	1st QTR	2nd QTR	3rd QTR	4th QTR	1st QTR	2nd QTR	3rd QTR	4th QTR	1st QTR	2nd QTR	3rd QTR	4th QTR
SYSTEM A	████	████	████	████												
SYSTEM B		███	████	████	███											
SYSTEM C	███	████	████	████	████	████	████	████	████	███						
SYSTEM D					██	████	████	████	████	████	████	████	████	███		
SYSTEM E						███	████	████	████	████	████	██				
SYSTEM F			███	████	████	████	████	██								
SYSTEM G					███	████	████	████	████	██						
SYSTEM H			██	████	████	████	████	████	████	████	████	██				

Exhibit 1

CENTURY CHANGE

COST AND FUNDING BY SYSTEM
(Dollars Displayed in Thousands and PYs Displayed in Tenths)

Department XYZ Council of California   **Organization Code** 9999   **Priority No.** 1
System Identification Sample System #1

	FY 96-97				FY 97-98				FY 98-99				FY 99-2000				TOTAL			
	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total
	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$
Staff	88	50	42	180	115	70	45	230	1,684	1,047	569	3,300	693	182	48	923	2,580	1,349	704	4,633
Hardware	6	2	2	10	276	181	86	543	82	32	18	132	49	26		75	413	241	106	760
Software	5	2	3	10	307	42	40	389	61	29	11	101	53	20	16	89	426	93	70	589
Contract	1	1	2	4	20	7	4	31	70	42	31	143	79	11	8	98	170	61	45	276
Data Center	4	2	1	7	18	6	6	30	56	37	7	100	56	1		57	134	46	14	194
Other	6	4	3	13	61	29	11	101	61	19	8	88	21	5	3	29	149	57	25	231
TOTAL	**110**	**61**	**53**	**224**	**797**	**335**	**192**	**1,324**	**2,014**	**1,206**	**644**	**3,864**	**951**	**245**	**75**	**1,271**	**3,872**	**1,847**	**964**	**6,683**

	FY 96-97				FY 97-98				FY 98-99				FY 99-2000				TOTAL			
	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total
	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs
Staff	2.0	1.8	1.0	4.8	3.0	1.5	1.5	6.0	43.8	30.0	15.0	88.8	14.0	5.0	1.5	20.5	62.8	38.3	19.0	120.1

	FY 96-97				FY 97-98				FY 98-99				FY 99-2000				TOTAL			
	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total
	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$
General Fund	20	11	10	41									395	84	27	506	415	95	37	547
Fund 2	10	2	2	14	813	319	192	1,324					556	161	48	765	1,379	482	242	2,103
Fund 3	5	5		10					589	389	177	1,155					594	394	177	1,165
Fund 4									689	405	195	1,289					689	405	195	1,289
Fund 5									736	412	272	1,420					736	412	272	1,420
Fund 6	75	43	41	159													75	43	41	159
TOTAL	**110**	**61**	**53**	**224**	**813**	**319**	**192**	**1,324**	**2,014**	**1,206**	**644**	**3,864**	**951**	**245**	**75**	**1,271**	**3,888**	**1,831**	**964**	**6,683**

Exhibit 2

CENTURY CHANGE

COST AND FUNDING BY SYSTEM
(Dollars Displayed in Thousands and PYs Displayed in Tenths)

Department XYZ Council of California   **Organization Code** 9999   **Priority No.** 2
System Identification Sample System #2

	FY 96-97				FY 97-98				FY 98-99				FY 99-2000				TOTAL			
	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total
	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$
Staff	100	45		145	690	210	100	1,000	2,142	1,088	410	3,640	280	149	44	473	3,212	1,492	554	5,258
Hardware					43	20	12	75	84	27	21	132	45	26	4	75	172	73	37	282
Software	5			5	39	32	18	89	59	31	11	101	65	22	2	89	168	85	31	284
Contract	10	2		12	51	26	21	98	78	36	29	143	72	14	9	95	211	78	59	348
Data Center	7	3		10	40	11	5	56	68	22	10	100	51	5		56	166	41	15	222
Other									61	15	12	88					61	15	12	88
TOTAL	**122**	**50**	**0**	**172**	**863**	**299**	**156**	**1,318**	**2,492**	**1,219**	**493**	**4,204**	**513**	**216**	**59**	**788**	**3,990**	**1,784**	**708**	**6,482**

	FY 96-97				FY 97-98				FY 98-99				FY 99-2000				TOTAL			
	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total
	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs
Staff	2.5	1.0	0	3.5	16.0	4.0	2.0	22.0	51.8	27.0	10.0	88.8	5.0	2.5	1.0	8.5	75.3	34.5	13.0	122.8

	FY 96-97				FY 97-98				FY 98-99				FY 99-2000				TOTAL			
	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total
	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$
General Fund	117	55		172	392	52	36	480					317	133	49	499	826	240	85	1,151
Fund 2					537	109	92	738					98	60	27	185	635	169	119	923
Fund 3					51	35	14	100	1,059	350	116	1,525					1,110	385	130	1,625
Fund 4									622	327	310	1,259					622	327	310	1,259
Fund 5									810	411	199	1,420					810	411	199	1,420
Fund 6													75	29		104	75	29		104
TOTAL	**117**	**55**	**0**	**172**	**980**	**196**	**142**	**1,318**	**2,491**	**1,088**	**625**	**4,204**	**490**	**222**	**76**	**788**	**4,078**	**1,561**	**843**	**6,482**

Exhibit 3

CENTURY CHANGE

TOTAL COST AND FUNDING FOR DEPARTMENT

(Dollars Displayed in Thousands and PYs Displayed in Tenths)

Department XYZ Council of California   **Organization Code** 9999

	FY 96-97				FY 97-98				FY 98-99				FY 99-2000				TOTAL			
	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total
	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$
Staff	188	95	42	325	805	280	145	1,230	3,826	2,135	979	6,940	973	331	92	1,396	5,792	2,841	1,258	9,891
Hardware	6	2	2	10	319	201	98	618	166	59	39	264	94	52	4	150	585	314	143	1,042
Software	10	2	3	15	346	74	58	478	120	60	22	202	118	42	18	178	594	178	101	873
Contract	11	3	2	16	71	33	25	129	148	78	60	286	151	25	17	193	381	139	104	624
Data Center	11	5	1	17	58	17	11	86	124	59	17	200	107	6		113	300	87	29	416
Other	6	4	3	13	61	29	11	101	122	34	20	176	21	5	3	29	210	72	37	319
TOTAL	**232**	**111**	**53**	**396**	**1,660**	**634**	**348**	**2,642**	**4,506**	**2,425**	**1,137**	**8,068**	**1,464**	**461**	**134**	**2,059**	**7,862**	**3,631**	**1,672**	**13,165**

	FY 96-97				FY 97-98				FY 98-99				FY 99-2000				TOTAL			
	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total
	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs	PYs
Staff	4.5	2.8	1.0	8.3	19.0	5.5	3.5	28.0	95.6	57.0	25.0	177.6	19.0	7.5	2.5	29.0	138.1	72.8	32.0	242.9

	FY 96-97				FY 97-98				FY 98-99				FY 99-2000				TOTAL			
	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total	Budgeted	Redirect	New	Total
	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$	$$$
General Fund	137	66	10	213	392	52	36	480					712	217	76	1,005	1,241	335	122	1,698
Fund 2	10	2	2	14	1,350	428	284	2,062					654	221	75	950	2,014	651	361	3,026
Fund 3	5	5		10	51	35	14	100	1,648	739	293	2,680					1,704	779	307	2,790
Fund 4									1,311	732	505	2,548					1,311	732	505	2,548
Fund 5									1,546	823	471	2,840					1,546	823	471	2,840
Fund 6	75	43	41	159									75	29		104	150	72	41	263
TOTAL	**227**	**116**	**53**	**396**	**1,793**	**515**	**334**	**2,642**	**4,505**	**2,294**	**1,269**	**8,068**	**1,441**	**467**	**151**	**2,059**	**7,966**	**3,392**	**1,807**	**13,165**

Exhibit 4